



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE GOVERNOR  
LANSING

JOHN D. CHERRY, JR.  
LT. GOVERNOR

February 10, 2005

My Fellow Citizens:

I present to you, today, my FY 2005-2006 budget recommendation. Like the two that have come before it, this balanced budget reflects Michigan's priorities. Over the past two years, I have eliminated more than \$3 billion from state spending, while guarding the priorities that matter most: protecting our families, educating our children, and building the jobs and economy that will create the strong Michigan we all hope for. I've looked for ways – both big and small – to save money, and I've asked every member of my administration to spend your money as carefully as they would their own.

On the pages that follow, you will find recommendations that increase funding for public education, that protect health care for our most vulnerable citizens, and that continue to streamline state government.

I am proud that this recommendation increases school funding by at least \$175 per pupil for students through grade 8 and by \$225 per pupil for high school students. We increase funding for high school for two reasons: first, over the next few months, we will be outlining steps that demand standards and higher performance from high schools; and second, the additional foundation allowance rewards those schools who succeed in retaining their students and reducing the number of students who drop-out. This budget also increases funding for educational programs for our at-risk children by more than \$30 million.

This budget recommendation will help diversify our economy and create high-paying jobs by investing in research and increasing funding for start-up life sciences and technology businesses. It will also create high-paying jobs by accelerating the construction of our roads, cleaning up blight, sprucing up our downtown areas, and modernizing our schools. It also lives up to our commitment to higher education by providing more money to rehabilitate deteriorating buildings on college and university campuses.

Once again, we will do all of this – and more – without a general tax increase.

The budget before you focuses the state's spending in six priority areas – the same areas that you, the citizens of Michigan, have told me are *your* highest priorities: improving student achievement, sustaining and creating business investment and jobs in Michigan, making Michigan's people healthier and our families stronger, making government in Michigan more cost-effective and efficient, protecting our citizens and making our communities safer, and enhancing the quality of Michigan's natural resources.

Each and every thing I have proposed in this budget works toward achieving one of these six goals. We are providing the services you value most in the most cost-effective ways possible.

However, this budget also represents the tough choices necessary to fund these priorities. As in the past, to continue to protect critical services, we've had to make tough choices to reduce and, in some cases, eliminate those that are very important but not vital.

Two days ago in my State of the State address, I presented a comprehensive, far-reaching plan to create jobs and ensure that our citizens are prepared to take those jobs now and in the future. This budget – along with that jobs plan and the job-creating business tax cut I proposed last month – is the blueprint for transforming Michigan into an economic powerhouse for the 21<sup>st</sup> century.

I look forward to working with members of the Legislature in the coming months to make this budget a reality – and to make job creation and a high quality of life a staple in Michigan for years to come.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Granholm', with a stylized, cursive script.

Jennifer M. Granholm  
Governor